

TRENDS IN NET OVERSEAS MIGRATION: NEW SOUTH WALES

INTRODUCTION

Population change in each state and territory is the combined result of net overseas migration, natural increase (births minus deaths), and net interstate migration (population change through the movement of people from one state or territory to another). All three components of population change contribute, in varying degrees, to the growth, size and structure of the population in each jurisdiction.

Net overseas migration (NOM) has emerged as a highly topical, and somewhat contentious, issue in recent years, particularly within the context of the Sustainable Population Strategy for Australia and the recent impact of international students on population counts. Variations in the number and characteristics of people arriving and departing the country impact on policy decisions and future planning at all levels of government, and on issues such as skilled and unskilled labour supply; national income from the educational services provided to international students; housing availability; cultural diversity; and social cohesion.

This article presents a brief national view of overseas migration, followed by an analysis for New South Wales (NSW). It uses the most recent data to examine changing patterns in the characteristics of overseas migrants and their contribution to NOM in NSW.

Net Overseas Migration (NOM): Definition

Net overseas migration is the net gain or loss of population through immigration to Australia and emigration from Australia. It is based on an international traveller's duration of stay being in or out of Australia for 12 months or more. It is the difference between the number of incoming international travellers who stay in Australia for 12 months or more, who **are not** currently counted within the population, and are then added to the population (NOM arrivals); and the number of outgoing international travellers (Australian residents and long-term visitors to Australia) who leave Australia for 12 months or more, who **are** currently counted within the population, and are then subtracted from the population (NOM departures).

Under the current method for estimating final net overseas migration, this term is based on a traveller's **actual** duration of stay or absence using the '12/16 month rule'. Preliminary NOM estimates are modelled on patterns of traveller behaviours observed in final NOM estimates for the same period one year earlier. For further information, see [Migration Australia](#) (cat. no. 3412.0).

The status of quarterly NOM data changes over time from **preliminary** to **final** as new data become available. An individual's actual true travel behaviour and associated characteristics are only available from final NOM data, as these can only be accurately recorded at the end of the 16 month reference period following a traveller's initial border crossing. For further information, see [Australian Demographic Statistics](#) (cat. no. 3101.0).

In this article, the data relating to the 2009 calendar year are final data, whereas those relating to the 2010 calendar year are preliminary. All NOM data used in this article are based on the '12/16 month rule' methodology and are sourced from the ABS Travellers' Characteristics Database.

The National View

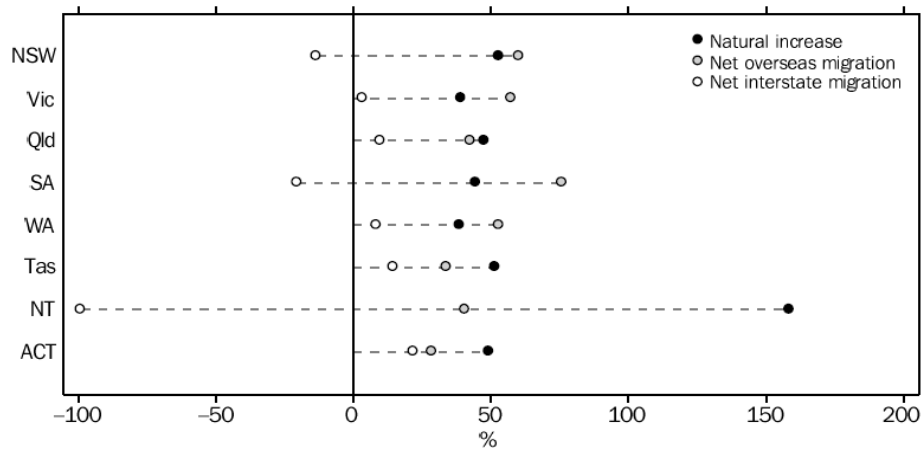
While natural increase has remained relatively stable in recent years, NOM has been far more volatile. The past decade has seen significant fluctuation in immigration estimates due to a number of factors including recent increases in temporary migrants; changing levels of demand for skilled migrants; the relative health of Australia's economy during the global financial crisis; and improvements in methodology to measure the travel behaviour of temporary migrants more effectively.

In recent years, NOM has accounted for over half of the nation's population growth. Preliminary NOM estimates for 2010 added 171,100 persons to Australia's population, representing 54% of the nation's total population growth for the year, with natural increase accounting for the remaining 46%. In 2010, Australia's total population grew by 317,100 persons or 1.4%.

In 2010, NOM contributed the greatest number of people to the most populous states: NSW with a net of 51,100 persons, followed by Victoria (48,000) and Queensland (31,600). The NT received the smallest number with 690 persons.

While all states and territories experienced positive NOM in 2010, it was the main component of population growth in SA (76%), NSW (60%), Victoria (57%), and WA (53%).

Fig 1. Population components, Proportion of total growth(a), 2010 (b)(c)



(a) Each population component as a proportion of a state's or territory's population growth for the calendar year 2010.

(b) These estimates use the '12/16 month rule' methodology for calculating NOM.

(c) Estimates for 2010 are preliminary.

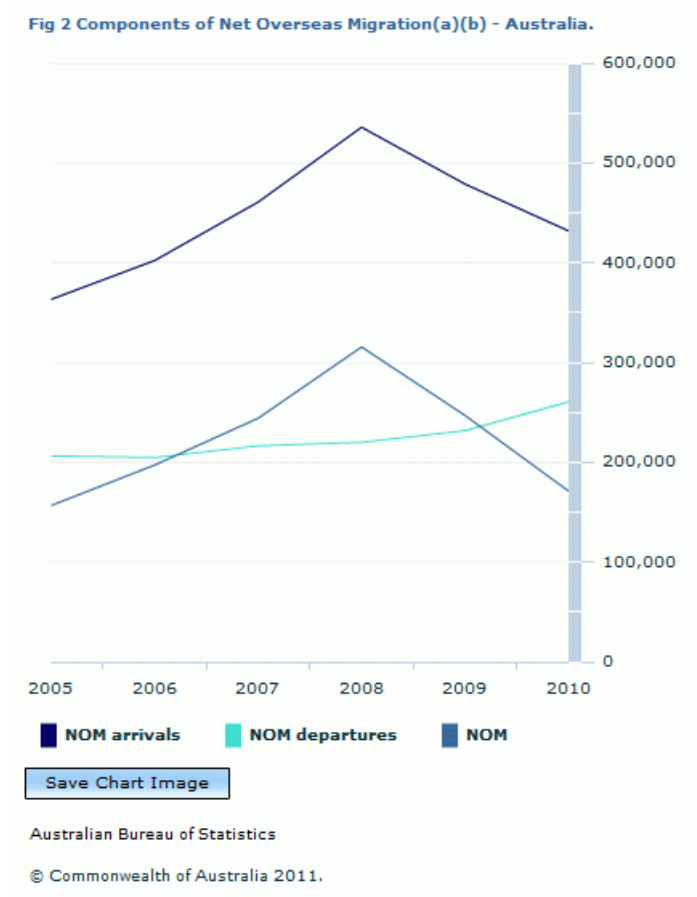
Source: Australian Demographic Statistics (cat. no. 3101.0).

Arrivals and Departures

At the national level, NOM is traditionally positive, with more arrivals than departures contributing to a net increase in Australia's population each year. Over the five years from 2005 to 2010, NOM in Australia increased by 9% (14,300 persons), with arrivals increasing by 19% (68,500 persons) and departures increasing by 26% (54,200 persons).

In 2010, however, NOM declined for the second consecutive year after strong growth for the previous three, with arrivals to Australia dropping by 10% (-46,800 persons) from the previous year and departures increasing by 12% (29,000 persons). The result was an overall decline in NOM of 31%, or 75,800 persons, from the previous year, significantly slowing the five year growth rate.

This decline in net overseas migration to Australia is mainly driven by the temporary visa holders who arrived in earlier years and who are now starting to depart the country in larger numbers. While temporary visa holders, and in particular international students, have been a key driver in the growth of NOM in the three years to 2008, their departures are a major impact on the recent sharp decline in NOM. This reflects recent policy changes restricting eligibility for temporary visa entrants who apply for permanent residency whilst onshore (Australian Productivity Commission 2010, Ch 4, p.21).



Footnote(s): (a)These estimates use the '12-16 month rule' methodology for calculating NOM (b)Estimates for 2010 are preliminary

Source(s): Australian Demographic Statistics (cat. no. 3101.0); ABS Traveller Characteristics Database, data available on request

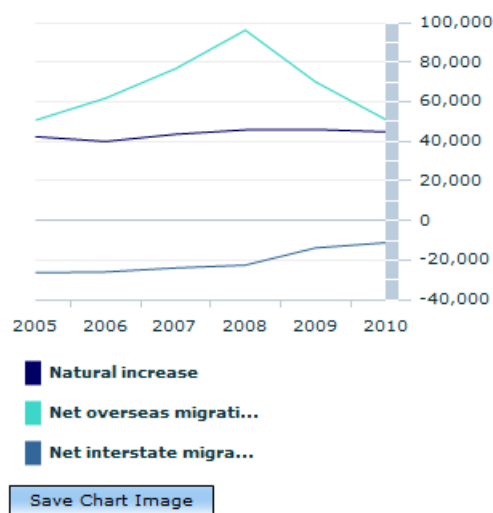
NEW SOUTH WALES

Overseas Migration and Population Growth

In 2010, net overseas migration remained the main component of population growth in NSW despite declining for the second consecutive year in line with the national trend. Preliminary NOM estimates for 2010 added 51,100 persons to NSW's population, representing 30% of national NOM and 60% of the state's total population growth (84,600) for the year.

Accounting for the remainder of NSW's total population growth in 2010 was natural increase, which added 44,800 persons to the state population, and net interstate migration, which removed 11,200.

Fig 3 Population Components(a)(b), NSW, 2005-2010



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Footnote(s): (a) These estimates use the '12/16 month rule' methodology for calculating NOM. (b) Estimates for 2010 are preliminary.

Source(s): Australian Demographic Statistics (cat. no. 3101.0); ABS Traveller Characteristics Database, data available on request

Arrivals and Departures

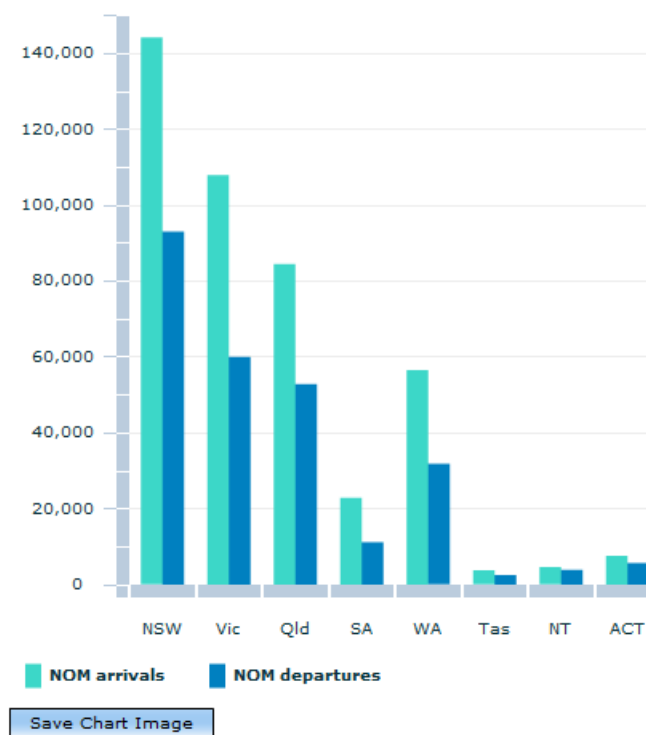
Over the five years from 2005 to 2010, NSW recorded the lowest growth rate in NOM after the NT, with an increase of only 1% (410 persons), compared with 9% at the national level. During this period, arrivals to NSW increased by 10% (almost 13,600 persons) while departures increased by 16% (over 13,100 persons).

In 2010, there were 11,000 fewer (-7%) overseas arrivals in NSW than in the previous year. However, overseas departures continued to increase with 8,000 more (9%) departures than in the previous year. The result was an overall decline in NOM of 27% (-19,000) from 2009, compared with the national decline of 31%.

Overseas Migration Flows

In 2010, NSW recorded the largest number of arrivals (144,100) and departures (93,000) of all the states and territories. Thus, the combined flows of overseas migration (arrivals and departures) was 237,200.

Fig 4 Overseas Migration Flows, State & Territories - 2010 (a)



Australian Bureau of Statistics

Footnote(s): (a) Estimates for 2010 are preliminary.

Source(s): Australian Demographic Statistics (cat. no. 3101.0)

To assess the effect of these gross overseas migration flows, it is useful to consider them as a proportion of the total population. In NSW, overseas migration had a relatively significant effect on population turnover, accounting for 3.3% of the total population in 2010, compared with 3.1% for Australia. Of the jurisdictions, NSW had the fourth highest population turnover from overseas migration after WA, ACT and the NT.

Fig 5 Population Turnover(a) from Overseas Migration, States & Territories, 2010(b)(c)



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Footnote(s): (a) Gross overseas flows as a proportion of a state or territory's total population at 31 December 2010. (b) These estimates use the "12/16 month rule" methodology for calculating NOM. (c) Estimates for 2010 are preliminary.

Source(s): Australian Demographic Statistics (cat. no. 3101.0).

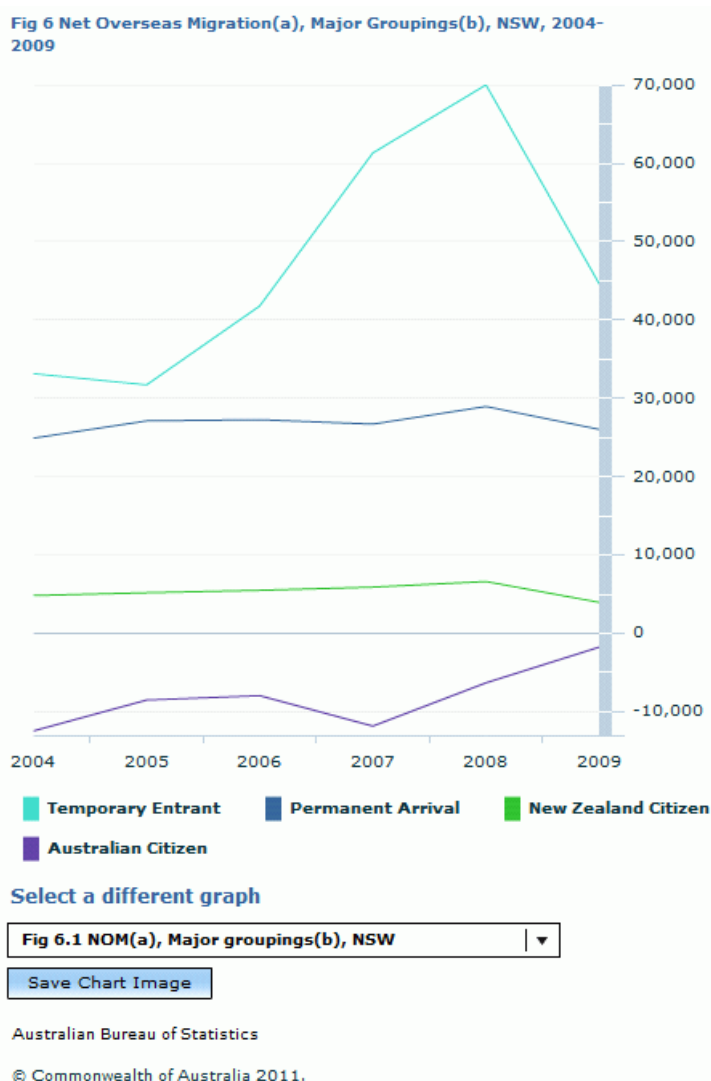
With the introduction of the '12/16 month rule' methodology for estimating NOM, the ABS also developed an analytical data set called the Travellers' Characteristics Database. These improvements allow the derivation of an individual's actual true travel behaviour (using final NOM data) and record certain characteristics of travellers who have contributed to NOM whether they are NOM arrivals or departures. The database provides for additional analysis on final NOM data that was not previously available.

The following analysis of NOM by major groupings and visa types has used data extracted from the Travellers' Characteristics Database. All data from the database are based on the '12/16 month rule' methodology.

Factors that should be taken into account when analysing data from the Travellers' Characteristics Database include the impact of global and regional events, legislative changes in Australia and abroad, and economic activity, all of which can change traveller behaviour.

Major Traveller Groups

In recent years, four major traveller groups have impacted on NOM estimates for NSW: temporary visa holders; permanent visa holders; New Zealand citizens; and Australian citizens. Other traveller groups, having a smaller impact, include residents returning (i.e. non-Australian citizens who are permanent residents) and people travelling with onshore visas or with visa unknown.



Footnote(s): (a)These estimates use the '12/16 month rule' methodology for calculating NOM. (b)Does not include onshore and other visa types. The visa category information in this table represents the visa at the time of a traveller's specific movement. It is the specific movement that has been used to calculate NOM.

Source(s): ABS Traveller Characteristics Database, data available on request.

Over the five years from 2004 to 2009, there was a 35% net increase in the number of temporary visa holders contributing to NOM in NSW, from 33,200 to 44,700 persons. However, this was much lower than growth at the national level (62%)

and in each of the other jurisdictions except Tasmania (1%). In 2009, the net figure for NSW decreased 36% (-25,300 persons) from the previous year, significantly slowing the five year growth rate in this jurisdiction.

In comparison, the net number of permanent visa holders contributing to NOM in NSW remained relatively steady over the five year period, increasing by just 4%, from 24,900 to 26,000 persons. This net increase in permanent visa holders was much lower than that at the national level (23%) and across each of the other states and territories.

For the same period, the net number of New Zealand citizens decreased by 18% (-850 persons) in NSW, compared with a 14% increase at the national level. Of the states and territories, NSW was the only jurisdiction to record a net decrease in New Zealand citizens contributing to NOM over the five years, though this decrease occurred entirely in 2009.

Traditionally, Australian citizens have a net negative effect on NOM estimates as more Australians depart each year than return. However, the combined effect of an increase in arrivals and a decrease in departures saw the net loss of Australian citizens from the NSW population change, from -12,400 persons in 2004, to -1,800 persons in 2009. This change (-86%) was consistent with the national trend.

Major Groupings and Visa Type

The following section provides a further breakdown of the major groupings and visa types that contributed to NOM in NSW during 2009, the most recent year for which the data are available.

MAJOR GROUPINGS AND VISA TYPE (a), % of Total NOM, States & Territories, 2009

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Australia
Temporary visas	63.7	63.7	56.9	50.9	53.4	47.6	55.5	67.6	60.0
VET sector	15.5	23.4	15.0	14.4	10.2	5.1	5.7	9.0	16.7
Higher education sector	18.7	19.5	12.0	19.8	10.3	21.3	8.5	27.6	16.7
Student other	11.0	7.7	7.7	5.3	4.8	4.7	3.6	7.1	8.0
Total students	45.2	50.7	34.7	39.4	25.2	31.1	17.8	43.7	41.4
Business long stay (subclass 457)	2.5	4.3	8.4	6.7	14.5	8.6	29.5	11.8	6.4
Visitor(b)	8.4	7.8	8.0	5.1	9.6	9.1	8.8	10.3	8.1
Working holiday	13.6	4.7	9.0	2.5	8.3	1.8	5.2	4.8	8.4
Other temporary visas	-6.1	-3.7	-3.1	-2.9	-4.2	-2.9	-5.8	-3.1	-4.3
Permanent visas	37.1	32.6	23.2	45.0	35.2	43.1	41.0	36.7	33.5
Family	18.4	13.0	9.4	9.2	10.1	14.4	19.4	13.1	13.2
Skill	12.9	15.2	10.9	29.5	20.4	14.5	14.5	19.0	15.4
Special eligibility & humanitarian	5.9	4.5	2.9	6.3	4.7	14.3	7.1	4.6	4.8
New Zealand citizen	5.6	6.2	18.1	2.5	9.0	5.3	4.7	4.1	8.4
Australian citizen	-2.5	-0.1	1.8	3.9	0.2	4.7	6.3	-6.7	-0.1
Other (c)	-4.0	-2.5	-0.1	-2.2	2.2	-0.7	-7.5	-1.7	-1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(a) The visa category information in this table represents the number of visas based on the visa type at the time of a traveller's specific movement. It is this specific movement that has been used to calculate NOM. Therefore, the number of visas in this table should not be confused with information on the number of visas granted by DIAC.

(b) Visitor visas include tourist, business visitors, medical treatment and other.

(c) Includes residents returning (i.e. non Australian citizens who are permanent residents), onshore visas and visa unknown.

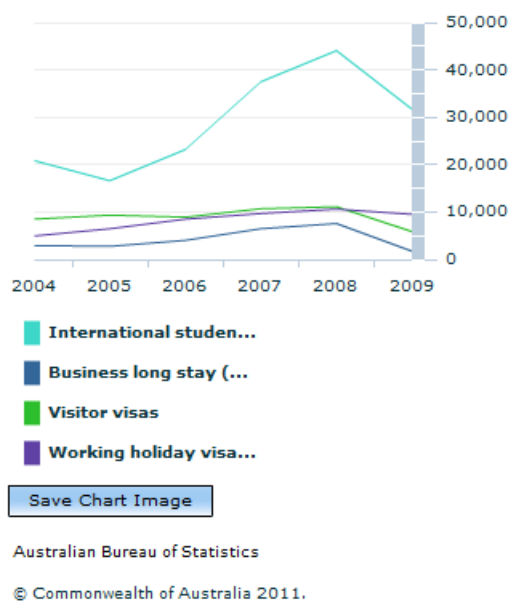
Source: ABS Traveller Characteristics Database, data available on request.

Temporary Visas

In 2009, temporary visa holders made the largest net contribution to NOM in NSW, with 64% of the total NOM figure for the year. This was slightly higher than for Australia as a whole (60%) and for most other jurisdictions, except Victoria (also 64%) and the ACT (68%). The number of temporary visa holders arriving in NSW during 2009 was 83,000, representing 53% of all arrivals, while the number departing was 38,300, or 45% of all departures. This resulted in 44,700 additional temporary visa holders in the NSW population.

Temporary visas issued in Australia fall into several categories, the principal ones being International student; Business long stay (457); Visitor and Working holiday visas.

Fig 7 NOM by Temporary Visa Types(a), NSW, 2004-2009



Footnote(s): (a)These estimates use the '12/16 month rule' methodology for calculating NOM.

Source(s): ABS Traveller Characteristics Database, data available on request.

International Students

Over the five year period from 2004 to 2009, there was a 52% (10,900 persons) increase in the net number of international students contributing to NOM in NSW. This growth in student NOM is mainly attributed to the large disparity between NOM arrivals and NOM departures, which in part reflects the time lag effect of a student's course duration. The disparity could also reflect the number of students who changed their visa and residency status whilst onshore.

There was a sharp decline (-28%) in student NOM for NSW in 2009. Despite this decline, international students made up the largest group of temporary visa holders contributing to NOM in NSW in 2009, adding a net 31,700 to the state's population, or 45% of the total NOM figure. This was higher than the proportion recorded at the national level (41%) and in most of the other states and territories. Of these, only Victoria recorded a higher proportion (51%).

Within this group, international students travelling to NSW on higher education visas formed the largest component, with a net 13,100 students representing 19% of total NOM in 2009. The vocational education and training sector represented 16% of total NOM in NSW (10,900 students) while all other student visas accounted for 11% (7,700 students).

Business Long Stay Visas

Between 2004 and 2009, the net number of temporary business visas (otherwise known as 457 visas) contributing to the NSW population decreased by 41%, or 1,200 persons, while all other states and territories experienced significant increases.

In 2009, people entering with business long stay visas represented one of the smallest groups of temporary visa holders contributing to NOM in NSW. This visa group added 1,800 persons to the NSW population, accounting for only 2% of the total NOM figure for 2009. This was lower than representation at the national level (6%) and lower than that recorded in each of the other jurisdictions.

Visitor Visas

The net number of long-term visitors (staying 12 months or more) contributing to the NSW population also decreased over the five years, with 2,600 fewer (-30%) visitors in 2009 than in 2004. In 2009, this group contributed 5,900 persons to the NSW population, representing 8% of total NOM for the year. This was consistent with representation at the national level (8%) and similar to representation in the other jurisdictions. Of this group, 62% were tourists, 16% were business visitors, 3% were sponsored family visitors, and the remaining 19% were visitors of other types.

Working Holiday Visas

Working holiday makers are permitted to stay for a period of up to 12 months from the date of initial entry. However, many

of these visa holders stay more than 12 months, and therefore contribute to NOM estimates. This includes people who have undertaken seasonal work in regional Australia and become eligible to apply for a second working holiday visa, as well as those who have applied for, and been granted, a different visa whilst onshore.

Between 2004 and 2009, the net number of working holiday-makers contributing to NOM in NSW increased by 90% or 4,500 persons. This growth in working holiday visa holders may relate to Australia's relatively strong economic standing during recent global financial events, increasing the appeal for international travellers to visit and work temporarily in NSW.

In 2009, working holiday-makers added a net 9,500 to the NSW population, representing 14% of total NOM for the year. This was higher than representation at the national level (8%) and in each of the other states and territories.

Permanent Visas

Permanent visa holders made a much smaller contribution to total NOM in NSW in 2009 than temporary visa holders (37% and 64% respectively). While this was higher than the proportion of permanent visas at the national level (34%) it was below that recorded in SA (45%), Tasmania (43%) and the NT (41%).

In 2009, the number of permanent visa holders arriving in NSW was over 28,100 persons, representing 18% of all arrivals, while the number departing was almost 2,100, or 2% of all departures. This resulted in over 26,000 permanent visa holders being added to the NSW population.

Permanent visas are grouped under three broad categories: Family visas; Skilled visas; and Special eligibility and humanitarian visas.



Footnote(s): (a) These estimates use the '12/16 month rule' methodology for calculating NOM.

Source(s): ABS Traveller Characteristics Database, data available on request.

Family Visas

Over the five years to 2009, there was a 15% (1,700) increase in the net number of family visa holders (granted offshore) contributing to the NSW population. In 2009, family visas made up the largest group of permanent visa holders contributing to NOM in the state, providing a net gain of 12,900 persons, or 18% of total NOM, for the year. In comparison, the representation of family visas at the national level was slightly lower at 13%, and lower in each of the other jurisdictions except the NT (19%).

Skilled Visas

For the five years to 2009, NSW was the only jurisdiction to experience a decrease (-10% or -1,000 persons) in the net number of permanent skilled visa holders (granted offshore) contributing to NOM. In 2009, this visa group made a smaller contribution (9,100 persons or 13% of the total NOM figure) to the NSW population than family visa holders. This

proportion was slightly lower than for Australia as a whole (15%) and for each of the other jurisdictions except Queensland (11%).

Special Eligibility and Humanitarian Visas

Special eligibility visas relate mainly to former citizens and residents requiring special visas to enter the country. This visa category contains very small numbers and has therefore been combined with the Humanitarian visa category, managed by the Australian Department of Immigration and Citizenship. The offshore resettlement component of the Humanitarian Program has two categories: refugees and a special humanitarian program.

Between 2004 and 2009, the number of special eligibility and humanitarian visa holders (granted offshore) contributing to NOM in NSW increased by 11%, or 400 persons. This group made a net contribution of 4,100 persons to the state's population in 2009, or 6% of total NOM for the year. This was consistent with representation at the national level (5%) and in most other states and territories. Only Tasmania recorded a significantly higher proportion in this group of visa holders (14%).

New Zealand Citizens

In comparison with temporary and permanent visa entrants, New Zealand citizens made a relatively small contribution to total NOM for NSW in 2009 (6%). However, this was similar to their proportional representation at the national level (8%) and in each of the other jurisdictions except Queensland (18%). With more than 9,100 New Zealand citizens arriving in NSW in 2009 (6% of all arrivals), and almost 5,200 departing (6% of all departures), this group contributed almost 4,000 persons to the state's population.

Australian Citizens

Among the major NOM groupings, Australian citizens made the only negative contribution (-3%) to NOM in 2009, resulting in a loss of almost 1,800 from the NSW population. The number of Australian citizens returning to NSW in 2009 was nearly 28,500, representing 18% of all arrivals to the state, while the number of Australian citizens departing was over 30,200, or 36% of all departures from the state. In comparison, the contribution of Australian citizens to national NOM was -0.1%, although most states and territories recorded positive contributions from Australian citizens and only NSW, Victoria and the ACT recorded negative contributions.

CONCLUSION

In NSW, NOM has been the main driver of population growth in recent years, accounting for over two-thirds of the state's population growth in the five years to 2010.

Underpinning much of the recent growth in NOM was a large increase in the number of international students arriving in the state between 2005 and 2008, reflecting Australia's wider engagement in the global economy and its increasing provision of education services to international students.

This growth in student NOM may also be attributed to the disparity between NOM arrivals and NOM departures, reflecting time lags in course duration, and the propensity for students to apply for a different visa whilst onshore. Of the jurisdictions, NSW was second only to Victoria as the main recipient of international students in Australia in 2009.

The contribution of permanent family visa holders to NOM in NSW was also significant, representing the second largest category of total net migration in 2009 and 18% of the total NOM figure for the year (the second highest proportion among all the jurisdictions). Working holiday-makers ranked third in terms of their contribution to NOM in NSW, representing 14% of total NOM in 2009 (the highest among all the jurisdictions).

While skilled migration has been a key focus of Australia's immigration policy since the late 1990s, the proportional contribution of permanent skilled visa holders to the population in 2009 was relatively low in NSW compared with their contribution in most other states and territories (second lowest among the jurisdictions). Of the various visa types, permanent skilled visas only ranked fourth in terms of their contribution to NOM in the state.

Similarly, business 457 visas were not as well represented in NSW's overseas migration figures for 2009, comprising just 2% of total NOM (the lowest proportion among all the jurisdictions). Moreover, the net contribution of 457 visas to the NSW population decreased over the five years from 2004 to 2009, while all other jurisdictions recorded increases.

Significantly slowing the five year growth rate in total NOM, estimates for 2009 and 2010 show a sharp decline in net overseas migration to NSW. This was driven by a combination of a decrease in arrivals and an increase in departures for all temporary visa groupings and permanent skilled visa holders.

Despite this recent decline, overseas migration has contributed significantly to NSW's population growth since 2005, with international students, family visa holders and working holiday-makers making the largest net contributions to the size and structure of the state's total population.

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